

FY 2022 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

A Report to the Mississippi Legislature
Report #677
November 30, 2022



PEER Committee

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Jerry Turner, Vice-Chair
Becky Currie, Secretary

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About PEER:

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



Joint Legislative Committee on Performance Evaluation and Expenditure Review

PEER Committee

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November 30, 2022

Honorable Tate Reeves, Governor
Honorable Delbert Hosemann, Lieutenant Governor
Honorable Philip Gunn, Speaker of the House
Members of the Mississippi State Legislature

On November 30, 2022, the PEER Committee authorized release of the report titled *FY 2022 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board*.

Representatives

Jerry Turner
Vice Chair
Becky Currie
Secretary
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Percy Watson

Senator Kevin Blackwell, Chair

Executive Director

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This report does not recommend increased funding or additional staff.

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CONCLUSION: Funding from state, local, federal, and other sources was sufficient for charter schools in FY 2022. However, the local ad valorem pro rata calculation required by state law continues to provide for unequal shares between charter schools and school districts. MCSAB receives 3% of annual state and local per-pupil revenues from charter schools. In FY 2022, MCSAB expended \$320,454 on its operations. FY 2022 was the fourth year the statutory formula generated sufficient funding to support MCSAB's activities. Having analyzed several consecutive years of financial data from MCSAB, PEER contends that MCSAB has achieved the financial stability to operate on less than 3% of charter school revenues. MCSAB is operating under a no-cost extension of its federal Charter School Program (CSP) grant with a term end date of September 30, 2023.



BACKGROUND

Background

MISS. CODE ANN. Section 37-28-7 (3) (1972) outlines the composition of the Mississippi Charter School Authorizer Board (MCSAB). The Board is made up of seven appointed members and is the sole authorizing body for charter schools in the state.

Although MCSAB Board members serve staggered terms of office, this has resulted in three of the Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings.

As of October 2022, the Board had two staff members.

During the 2022 application cycle, MCSAB approved one charter school application—Instant Impact Global Prep—at the recommendation of its contractor, SchoolWorks.

During SY 2021–2022, seven charter schools (five located in Jackson, one located in Clarksdale, and one located in Greenwood) served 2,686 students. No new charter schools opened during SY 2021–2022.



SUFFICIENCY OF CHARTER SCHOOL FUNDING

- **For FY 2022, MDE distributed Mississippi Adequate Education Program (MAEP) funding to charter schools in the same manner as the local public school districts in which they are located.**
- **For FY 2022, the seven operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972).**
However, the local ad valorem pro rata calculation required by the statute provides unequal shares between charter schools and school districts.
- **Federal funds received by the Mississippi Department of Education (MDE) are distributed to each public school district and charter school based on the school's ability to meet federal program requirements.**
In FY 2022, the charter schools that were operating that year received federal grant funds totaling \$11,818,985.
- **In FY 2022, the seven operating charter schools received between \$3.1 million and \$7.4 million from MAEP funding, local ad valorem taxes, federal funds, and other sources.**
Six of the seven charter schools operating in Mississippi received revenues in FY 2022 that were sufficient to cover their expenditures that year.
- **Despite state law designating MCSAB as a "state agency," MCSAB's annual appropriation is included in the IHL appropriation.**
- **MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources.**

FY 2022 was the fourth year this statutory formula generated sufficient funding to support MCSAB's activities. In FY 2022, MCSAB did not collect all of the 3% fees it was owed from one charter school because it was the first year in which a school district lacked sufficient January MAEP revenue to provide its pro rata share of funds to a charter school.

Status of the CSP Grant

According to MCSAB staff, it requested a 12-month no-cost extension for its CSP grant on June 2, 2022. USDOE informed MCSAB that it could not rule on its request until late September, and that if another entity from the State of Mississippi were to be approved for an FY 2022 CSP grant, then USDOE would not approve MCSAB's request for a no-cost extension.

On October 3, 2022, Mississippi First announced that it had been awarded a \$19.3 million CSP grant from USDOE. MCSAB wrote a letter to USDOE expressing concern that some of the information provided in Mississippi First's grant application to USDOE was inaccurate. It also requested approval of MCSAB's second no-cost extension.

On October 31, 2022, USDOE responded to MCSAB stating that it is approving a second 12-month no-cost extension to enable MCSAB to continue administering its two remaining subgrants (to SR1 and Revive Prep), including technical assistance to those subgrantees, through September 23, 2023. USDOE also stated that it will re-examine Mississippi First's application to verify the accuracy of the information provided and take appropriate action, if necessary.

Because USDOE has granted both Mississippi First and MCSAB authority to provide CSP subgrants to SR1 and Revive Prep for FY 2023, the roles and responsibilities of Mississippi First and MCSAB are presently ambiguous.

Accountability Grades

In SY 2021-2022, six out of seven charter schools received accountability grades. Joel E. Smilow Collegiate received a B, the highest accountability grade among the charter schools for SY 2021-2022, and was the only Jackson charter school that received a higher grade than its home district.

Charter School Performance

MCSAB must annually assess each charter school's performance. MCSAB's FY 2022 performance report was not yet available as of October 24, 2022; therefore, PEER utilized student Mississippi Academic Assessment Program (MAAP) assessment data and student accountability letter grades provided by MDE.

MAAP is a state assessment that measures students' knowledge, skills, and academic growth in third through eighth grades in English language arts (ELA), math, and science. ELA and math assessments are given in third grade, while the science assessment is given in fifth grade.

In SY 2021-2022, each of the seven charter schools experienced mixed MAAP results compared to its home district. In all three academic areas—ELA, math, and science—a higher percentage of students statewide scored proficient or advanced on assessments than students in charter schools and students in charter school home districts.



SUMMARY OF RECOMMENDATIONS

1. The Legislature should consider removing the 3% funding MCSAB receives from charter schools' state and local revenue sources. The Legislature should also consider annually funding MCSAB from any funds available to the Legislature. If the Legislature chooses to keep the 3% funding model, it should consider allowing MCSAB to receive up to 3% of annual per-pupil allocations received by a charter school from state and local funds for each charter school it authorizes. If the Legislature authorizes MCSAB to receive up to 3% of per-pupil allocations, then MCSAB should develop a policy for determining the appropriate calculation of fees for charter schools, based on several consecutive years of MCSAB's financial data.
2. The Legislature should consider enacting a separate appropriations bill for MCSAB.
3. MCSAB should submit a proposed amendment to MISS. CODE ANN. Section 37-28-7 (2) and (3) that revises the calculation so that public school students and charter school students receive equal per-pupil local ad valorem funding.
4. The Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations.
5. MCSAB should collect the \$2,264.10 in 3% fees from Clarksdale Collegiate and count it as FY 2022 revenue.
6. MCSAB and all of its committees should adhere to policies that MCSAB has approved.
7. The PEER Committee should consider expanding PEER's FY 2023 charter school review to include an assessment of charter school authorizing best practices.

FY 2022 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board

Introduction

Authority, Scope, and Purpose

In 2013, the Mississippi Legislature enacted the “Mississippi Charter Schools Act of 2013” (Chapter 497, *Laws of 2013*), which repealed the “Conversion Charter School Act of 2010”¹ and provided authorization for a charter school oversight board and guidance for the formation of charter schools in Mississippi.

As stated in MISS. CODE ANN. Section 37-28-37 (2) (1972):

The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) shall prepare an annual report assessing the sufficiency of funding for charter schools, the efficacy of the state formula for authorizer funding, and any suggested changes in state law or policy necessary to strengthen the state’s charter schools.

PEER conducted this review in accordance with MISS. CODE ANN. Section 5-3-51 (1972) et seq.

Method

To conduct this analysis, PEER reviewed:

- relevant sections of state law; and,
- federal, state, and local funding information provided by charter schools, MCSAB, Mississippi Department of Education (MDE), Institutions of Higher Learning (IHL), and the Mississippi Department of Finance and Administration (DFA).

PEER also interviewed staff members of the Mississippi Charter School Authorizer Board (MCSAB), Midtown Public Charter School, Reimagine Prep, Joel E. Smilow Prep, Joel E. Smilow Collegiate, Clarksdale Collegiate, Ambition Prep, Leflore Legacy Academy, and MDE.

¹ The “Conversion Charter School Act of 2010” (MISS. CODE ANN. Section 37-165-1 [1972] et seq.) provided a means whereby the parents or guardians of students enrolled in a chronically underperforming local public school could petition the Mississippi State Board of Education to convert the public school to a conversion charter school. This conversion status would have required a contract issued by the State Board of Education.

Background

This chapter serves as an update to previous PEER reports on the following information:

- the membership and staff of MCSAB;
- charter school applicants in MCSAB's 2022 application cycle;
- charter schools serving students in School Year (SY) 2021–2022;
- MCSAB's evaluation of charter school performance; and,
- charter school renewals in FY 2022.

Membership and Staff of the Board

MCSAB is a state agency of seven appointed members. The staggering of MCSAB Board members' terms has resulted in three of the Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings. MCSAB is the sole authorizing body for charter schools in the state and is responsible for oversight of the schools' operations. As of October 2022, the Board had two staff members.

MISS. CODE ANN. Section 37-28-7 (3) (1972) outlines the composition of MCSAB. The appointment of the Board is as follows:

- The Governor appoints three members, one member from each of the Mississippi Supreme Court districts.
- The Lieutenant Governor appoints three members, one member from each of the Mississippi Supreme Court districts.
- The State Superintendent of Public Education appoints one member.

All appointments must be made with the advice and consent of the Senate. See Exhibit 1 on page 3 for a list of current Board members and their terms.

As PEER noted in previous annual reports on charter schools, although MISS. CODE ANN. Section 37-28-7 (5) (1972) established staggered terms of office for MCSAB, this has resulted in three of the Board members rotating off in the same year, which could prevent the Board from establishing a quorum at its meetings.

The "Mississippi Charter Schools Act" was written such that the Governor's three appointments' terms conclude at the same time and the Lieutenant Governor's three appointments' terms conclude at the same time.

In FY 2022, MCSAB staff included an Executive Director, an Executive Support staff position, and a Federal Grant/Administration Support staff position. The Federal Grant/Administration Support staff member was hired on October 1, 2021, to be responsible for assisting the Executive Director primarily in the administration of the Charter Schools Program grant. She resigned March 31, 2022.

Exhibit 1: Mississippi Charter School Authorizer Board, Current Members and Terms of Service, November 2022

Board Member	Appointed By	Term End Date
Don Hinton	Governor	August 30, 2023*
Lee Durrett	Governor	August 30, 2023*
Candace Robins	Governor	August 30, 2023*
Marcy Scoggins	Lt. Governor	August 30, 2025
Jennifer Jackson Whittier	Lt. Governor	August 30, 2025
Kimberly Remak	Lt. Governor	August 30, 2025
Jean Cook	State Superintendent	August 30, 2024*

* All three Governor appointees should have a term end date of August 30, 2023; however, the appointment letters for Candace Robins, Don Hinton, and Lee Durrett contain incorrect term end dates of August 31, 2023. Likewise, the State Superintendent of Education appointment should have a term end date of August 30, 2024; however, the appointment letter for Jean Cook contains an incorrect term end date of August 31, 2024.

SOURCE: PEER analysis of data from the Mississippi Secretary of State, the Mississippi Legislature’s website, the Mississippi Charter School Authorizer Board website, and state law.

MCSAB employs contractors to satisfy its mandate to authorize and oversee charter schools. For example, in FY 2022 MCSAB contracted with a team of independent evaluators to evaluate charter school applications and with a private business to perform accounting services. For more information on contract expenditures, see Exhibit 11 on page 24.

Charter School Applicants in the Board’s 2022 Application Cycle

MCSAB received ten complete applications for charter schools in its 2022 application cycle. The Board, on recommendation from its independent evaluator, approved one application for an additional charter school to be located in the Natchez-Adams School District.

Any party seeking to open a charter school in Mississippi must submit an application to MCSAB. MCSAB contracted with the National Association of Charter School Authorizers (NACSA) from 2014 to 2018 to manage the application process and to provide independent recommendations of approval or denial for each charter school application. However, beginning in 2019, MCSAB ceased contracting with NACSA because, according to MCSAB staff, NACSA no longer engages in this type of evaluation work. In 2020, MCSAB began contracting with SchoolWorks to manage the application process (using protocols developed by MCSAB) and provide recommendations.

MCSAB contracts with SchoolWorks to manage the charter school application process.

As in previous years, the application process includes three stages of review: the completeness² check, the threshold quality review, and the capacity review. For a discussion of each stage of the review, see PEER Report #667, *FY 2021 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board*, pages 5 and 6.

In the 2022 application cycle, SchoolWorks recommended one school be approved as a new charter school. MCSAB followed the recommendation and approved Instant Impact Global Prep at its meeting on September 26, 2022.

In the 2022 application cycle, MCSAB received letters of intent for twelve schools. It received applications for eleven of the twelve schools, but applications for only ten schools were complete and eligible to advance to Stage 2. Although SchoolWorks recommended that only four of the ten schools advance to Stage 3, MCSAB

advanced five schools. Further, although SchoolWorks recommended that only two of the five schools proceed to the Stage 3 capacity interview, MCSAB advanced all five schools to the capacity interview. Notably, during this stage, SchoolWorks sub-contracted with a founding MCSAB Board member and current school district superintendent who participated in the capacity interviews and review team meetings. The Board member and superintendent agreed with all of SchoolWorks's final recommendations. Of the five schools that participated in the capacity interviews, SchoolWorks recommended that one school—Instant Impact Global Prep, located in the Natchez-Adams School District—be approved as a new charter school. MCSAB followed the recommendation of SchoolWorks and approved this school during its meeting on September 26, 2022.

Seven organizations submitted the ten complete and eligible charter school applications that advanced to Stage 2. Three of the organizations are located in Mississippi, two are located in Texas, one is located in Tennessee, and one is located in Louisiana. All seven of the organizations were created within the past six years, and one has previous experience operating charter schools.

Exhibit 2 on page 5 lists the charter school applications MCSAB has approved to date (from its 2014 application cycle through its 2022 application cycle), the operational school years, and contract terms.

² *Completeness* refers to the elements that an application must contain to qualify as a finished response based on the requirements set forth in the request for proposals (e.g., a complete budget).

Exhibit 2: Approved Mississippi Charter Schools through the 2022 Application Cycle

Charter School	School District	Charter Operator	First School Year of Operation	Contract Term ¹
Midtown Public*	Jackson Public	Midtown Partners, Inc.	SY 2015–2016	FY 2016 to FY 2020 FY 2021 to FY 2023
Reimagine Prep*	Jackson Public	RePublic Schools, Inc.	SY 2015–2016	FY 2016 to FY 2020 FY 2021 to FY 2025
Joel E. Smilow Prep*	Jackson Public	RePublic Schools, Inc.	SY 2016–2017	FY 2017 to FY 2021 FY 2022 to FY 2025
Joel E. Smilow Collegiate*	Jackson Public	RePublic Schools, Inc.	SY 2018–2019	FY 2019 to FY 2023
Clarksdale Collegiate*	Clarksdale Municipal	Clarksdale Collegiate, Inc.	SY 2018–2019	FY 2019 to FY 2023
Ambition Preparatory*	Jackson Public	Ambition Preparatory Charter School	SY 2019–2020	FY 2020 to FY 2024
Leflore Legacy Academy*	Greenwood Leflore	Mississippi Delta Academies	SY 2020–2021	FY 2021 to FY 2025
Revive Prep	Jackson Public	RePublic Schools, Inc.	SY 2022–2023	FY 2023 to FY 2027
SR1 College Preparatory and STEM Academy	Canton Public	SR1	SY 2023–2024	FY 2023 to FY 2027
Republic High School	Jackson Public	RePublic Schools, Inc.	TBD ²	TBD ²
Instant Impact Global Prep	Natchez-Adams	Instant Impact Educational Services	SY 2023-2024	TBD ²

* Charter schools that were in operation during SY 2021-2022.

1. Per MISS. CODE ANN. Section 37-28-21 (1) (1972), MCSAB must grant an initial charter to each qualified applicant for a term of five operating years. In 2020, MCSAB renewed Midtown Public’s contract for a three-year term and Reimagine Prep’s contract for a five-year term. In 2021, MCSAB renewed Smilow Prep’s contract for a four-year term.
2. As of October 2022, MCSAB had not generated a contract with RePublic High School or Instant Impact Global Prep.

SOURCE: PEER analysis of Mississippi Charter School Authorizer Board documents.

Charter Schools Serving Students during SY 2021–2022

During SY 2021-2022, seven charter schools (five located in Jackson, one located in Clarksdale, and one located in Greenwood) served 2,686 students.³ No new charter schools opened during SY 2021-2022.

As shown in Exhibit 3 on page 6, seven charter schools located in Jackson, Clarksdale, and Greenwood, had an average daily attendance of 2,686 for SY 2021-2022. Grades served ranged from kindergarten to eighth grade. Two charter schools in Jackson have completed seven full school years, while the other five have completed between two and six full school years.

Exhibit 3: Charter Schools and Students Served during SY 2021-2022

Charter School	City	# School Years Completed	Grades Served	Average Daily Attendance
Midtown Public	Jackson	7	5th-8th	227
Reimagine Prep	Jackson	7	5th-8th	505
Joel E. Smilow Prep	Jackson	6	5th-8th	528
Joel E. Smilow Collegiate	Jackson	4	K-4th	534
Ambition Preparatory	Jackson	3	K-3rd	287
Clarksdale Collegiate	Clarksdale	4	K-5th	422
Leflore Legacy Academy	Greenwood	2	6th-7th	183
TOTAL				2,686

SOURCE: PEER analysis of Mississippi Charter School Authorizer Board and Mississippi Department of Education data.

³ Total average daily attendance for months two and three of SY 2021–2022, according to MDE.

Update on MCSAB's Evaluation of Charter School Performance

MCSAB must annually assess each charter school's performance. MCSAB's FY 2022 performance report was not yet available during PEER's fieldwork; therefore, PEER utilized student Mississippi Academic Assessment Program assessment data and student accountability letter grades provided by MDE.

According to MISS. CODE ANN. Section 37-28-29 (1972), charter contracts must include a performance framework that outlines academic and operational performance indicators as well as measures and metrics that will guide MCSAB's evaluations of the charter school (e.g., student academic proficiency, financial performance, sustainability).

Also, MCSAB must annually assess each charter school's performance on the indicators listed in the performance framework. MISS. CODE ANN. Section 37-28-31 (1972) requires that MCSAB submit a performance report to the Legislature for each charter school it oversees. If a charter school's performance is unsatisfactory, MCSAB must notify the charter school and provide a reasonable opportunity for the school to remedy the problem unless the problem warrants revocation of the charter.

MCSAB's FY 2022 performance report was not yet available during PEER's fieldwork; therefore, PEER utilized student Mississippi Academic Assessment Program (MAAP) assessment data (see Exhibit 4 on pages 8 and 9) and student accountability letter grades (see Exhibit 5 on page 10) provided by MDE.

MAAP is a state assessment that measures students' knowledge, skills, and academic growth in third through eighth grades in English language arts (ELA), math, and science. ELA and math assessments are given in third grade, while the science assessment is given in fifth grade.

Accountability grades are performance ratings of A, B, C, D, and F assigned by the Mississippi Statewide Accountability System, administered by MDE. Each school is rated based on established criteria regarding student achievement, individual student growth, graduation rate, and participation rate. The Mississippi State Board of Education typically approves accountability grades in the fall (September or October) for the previous school year.

Charter School MAAP Performance Compared to District and State MAAP Performance in SY 2021-2022

In SY 2021-2022, each of the seven charter schools experienced mixed MAAP results compared to its home district. In all three academic areas—ELA, math, and science—a higher percentage of students statewide scored proficient or advanced on assessments than students in charter schools and students in charter school home districts.

ELA

While students in the Jackson Public School District (JPSD) outperformed the students in the Jackson charter schools in ELA, Clarksdale Collegiate and Leflore Legacy Academy outperformed the students in their home districts. As shown in Exhibit 4 on pages 8 and 9, a higher percentage of students in JPSD scored proficient or advanced in ELA than any of the five charter schools within the boundary of JPSD; however, a higher percentage of students at Clarksdale Collegiate and Leflore Legacy scored proficient or advanced than

students at Clarksdale Municipal School District and Greenwood-Leflore Consolidated School District, respectively.

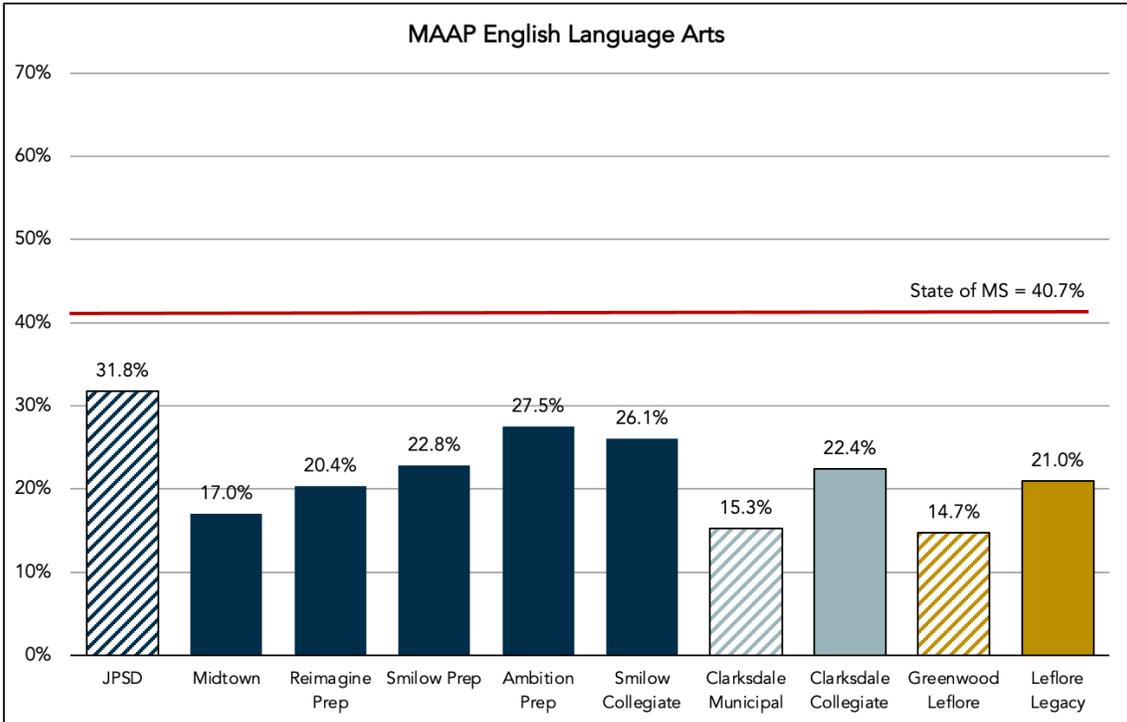
Math

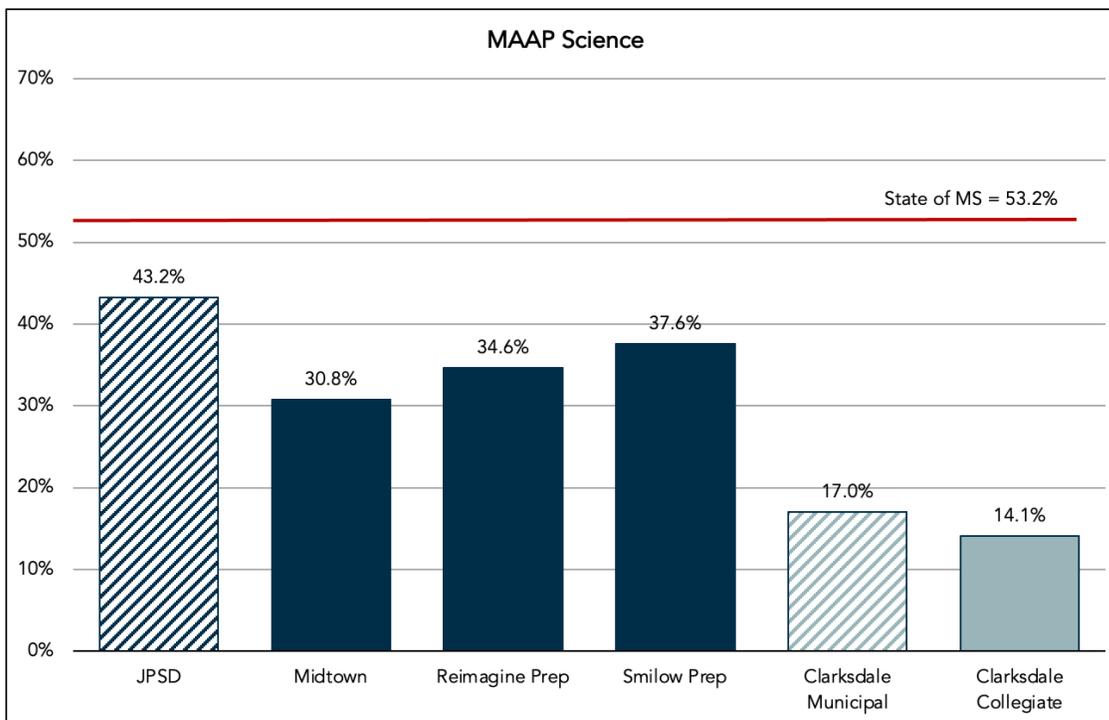
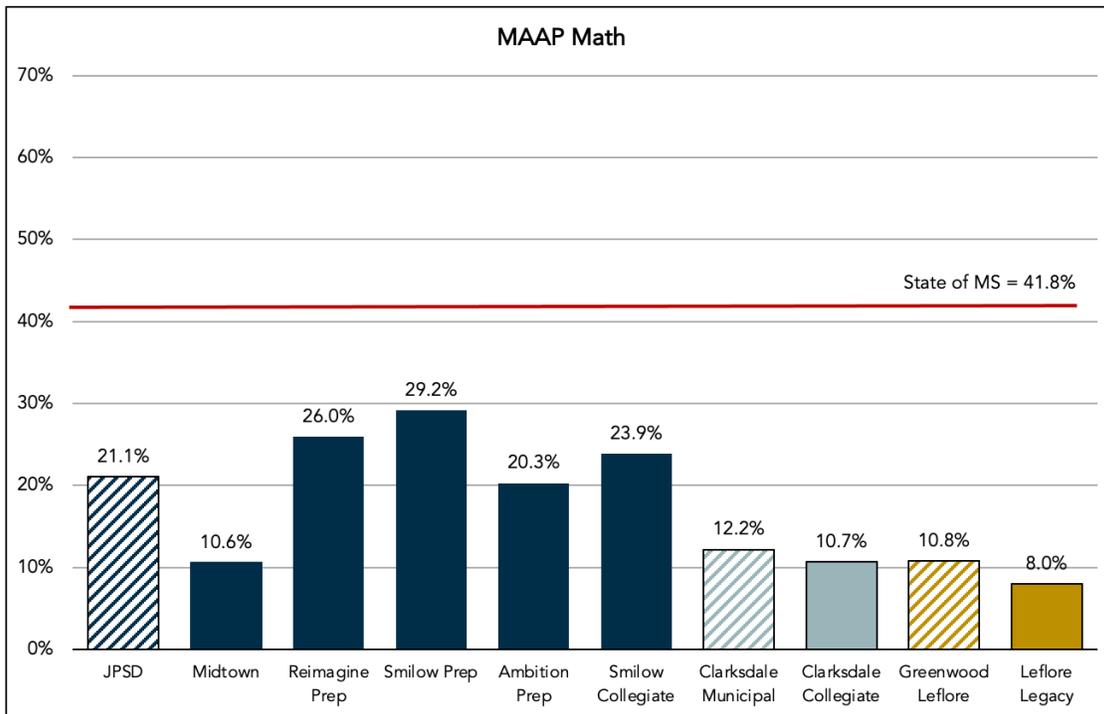
In math, the results were mixed for students in JPSD and the Jackson charter schools. While a higher percentage of students in JPSD scored proficient or advanced than Midtown Public and Ambition Prep, a lower percentage of JPSD students scored proficient or advanced than students at the three Republic Schools (Reimagine Prep, Smilow Prep, and Smilow Collegiate). However, a higher percentage of students in the Greenwood-Leflore Consolidated School District and Clarksdale Municipal School District scored proficient or advanced than students at Leflore Legacy Academy and Clarksdale Collegiate, respectively.

Science

The only charter school students who took the MAAP science assessment in SY 2021-2022 were those who attended Midtown Public, Reimagine Prep, Smilow Prep, and Clarksdale Collegiate (as these were the only charter schools that served 5th or 8th grade students—the years in which the MAAP science assessment is given). As shown in Exhibit 4, a higher percentage of students in JPSD scored proficient or advanced in science than all charter schools that took the MAAP science assessment.

Exhibit 4: Percentage of Charter School Students that Scored “Proficient” Compared to Home Districts and Students Statewide, SY 2021-2022





* Patterned columns represent home districts, and solid columns represent charter schools. Like colors indicate that schools are in the same geographic area.

** The data shown for JPSD, Clarksdale Municipal School District, Greenwood-Leflore Consolidated School District, and the state of Mississippi reflect only elementary and middle schools. While the percentages for JPSD, Clarksdale Municipal School District, and Greenwood-Leflore Consolidated School District exclude data from charter schools, the percentages for the state of Mississippi include data from both charter schools and traditional school districts.

SOURCE: PEER analysis of Mississippi Department of Education data.

Charter School Accountability Grades in SY 2021-2022

Exhibit 5 on page 10 illustrates charter school accountability grades for SYs 2015-2016 through 2021-2022. Joel E. Smilow Collegiate received a B, the highest accountability grade among the charter schools for SY 2021-2022, and was the only Jackson charter school that received a higher grade than its home district, JPSD, which received a C for SY 2021-2022. Midtown Public was the only Jackson charter school that received a lower grade than JPSD.

In SY 2021-2022, six out of the seven charter schools received accountability grades. Ambition Prep did not receive an accountability grade because it serves K through third grade, and accountability grades are not applied until fourth grade.

Clarksdale Collegiate received a D for SY 2021-2022 compared to its home district, Clarksdale Municipal School District, which received an F.

Both Leflore Legacy Academy and its home district, Greenwood-Leflore Consolidated School District received a D for SY 2021-2022.

Exhibit 5: Mississippi Charter Schools' Accountability Grades, School Years 2015-2016 through 2021-2022

Charter School	SY 2015-2016	SY 2016-2017	SY 2017-2018	SY 2018-2019	SY 2019-2020	SY 2020-2021	SY 2021-2022
Midtown Public	F	F	F	D	D	No grade	D
Reimagine Prep	D	D	C	B	B	No grade	C
Joel E. Smilow Prep	Not operating	D	D	C	C	No grade	C
Joel E. Smilow Collegiate	Not operating	Not operating	Not operating	Not operating	No grade	No grade	B
Clarksdale Collegiate	Not operating	Not operating	Not operating	Not operating	No grade	No grade	D
Leflore Legacy Academy	Not operating	Not operating	Not operating	Not operating	No grade	No grade	D

NOTE: During SY 2019-2020 no assessments were given; therefore, schools used their previous year's accountability grade. However, schools that were not operating the previous year did not have a grade for SY 2019-2020. Further, during SY 2020-2021, MDE did not have growth metrics for any schools, therefore MDE did not apply an accountability grade to any schools that year.

SOURCE: PEER analysis of Mississippi Department of Education data.

Charter School Renewals in FY 2022

Although no charter schools' terms expired in FY 2022, MCSAB has notified three schools—Clarksdale Collegiate, Midtown Public, and Smilow Collegiate—that their terms will end at the conclusion of the 2022-2023 school year. These schools must submit a renewal application to MCSAB for approval to continue operating.

As stated in MISS. CODE ANN. Section 37-28-33 (1972):

A charter may be renewed for successive five-year terms of duration. The authorizer may grant renewal with specific conditions for necessary improvements to a charter school and may lessen the renewal term based on the performance, demonstrated capacities and particular circumstances of each charter school.

MCSAB has adopted policies and procedures regarding renewal terms of up to five years, depending on the school's performance over the term of the charter contract. According to MCSAB policy, the Board may renew a school for up to five years if it meets or exceeds expectations on every performance indicator, renew a school with conditions for a lesser term if the school approaches failing or fails to meet expectations on any indicator, or choose to not renew a school and recommend its closure when the school fails to meet expectations on all indicators.

According to MISS. CODE ANN. Section 37-28-33 (1972), MCSAB is required to issue charter renewal application guidance each year before September 30 to any charter school whose term will expire the following year. Because there were not any charter schools whose terms expired in 2022, MCSAB did not issue a 2021-2022 renewal application and guidance. However, because three charter schools have terms ending in 2023 (Clarksdale Collegiate, Midtown Public, and Smilow Collegiate), MCSAB approved its 2022-2023 charter renewal application guidance at its June 13, 2022, Board meeting and has notified the three schools that their terms will end at the conclusion of the 2022-2023 school year, and they must submit a charter renewal application to MCSAB for approval to continue operating.

Update on Charter Schools in Conditional Renewal Status

Midtown Public

Midtown's conditional charter renewal will expire in June 2023, at which time MCSAB will consider another renewal contract.

In April 2020, MCSAB approved a three-year renewal contract with Midtown Public Charter School through SY 2022-2023 with conditions. At the end of the

renewal contract, Midtown will be required to show MCSAB that it has satisfied the conditions of the contract for continued operation. One of those conditions was that Midtown must be rated as follows:

- a "D" or higher for SY 2020-2021;
- a "C" or higher for SY 2021-2022; and,
- a "C" or higher for SY 2022-2023.

In March 2021, Midtown requested that MCSAB allow a revision to its accountability grade requirement reasoning that the extent of the impact of the COVID-19 pandemic was not yet known and might not be adequately measured for current and future students until the following year. Specifically, Midtown requested the following revision:

- a “D” or higher for SY 2021-2022; and,
- a “C” or higher for SY 2022-2023.

On April 12, 2021, MCSAB approved Midtown’s request.

Smilow Prep

Smilow Prep’s conditional charter renewal will expire in June 2025; however, Republic Schools is awaiting an Attorney General’s opinion regarding its request to consolidate Smilow Prep and Smilow Collegiate.

In June 2021, MCSAB approved a four-year renewal contract with Smilow Prep through SY 2024-2025 with conditions (e.g., develop a teacher certification plan to ensure that no more than 25% of teachers are exempt from

state licensure requirements). In November 2021, Republic Schools requested an Attorney General’s opinion regarding the matter of consolidating Smilow Prep and Smilow Collegiate. According to MCSAB staff, as of October 10, 2022, the Attorney General has not released an opinion on this matter.

Sufficiency of Funding for Charter Schools

MISS. CODE ANN. Section 37-28-37 (2) (1972) requires, in part, that the PEER Committee prepare an annual report assessing the sufficiency of funding for charter schools. This chapter addresses the following issues regarding the sufficiency of charter school funding from:

- state sources;
- local ad valorem taxes;⁴
- federal funds;
- other sources, such as grants and gifts; and,
- charter school funding received.

Sufficiency of State-level Funding

For FY 2022, MDE distributed Mississippi Adequate Education Program funding to charter schools in the same manner as the local public-school districts in which they are located.⁵

The Mississippi Legislature defines what constitutes adequate funding to public schools through a formula known as the Mississippi Adequate Education Program (MAEP). MISS. CODE ANN. Section 37-151-5 (a) (1972) defines MAEP adequate funding as:

“Adequate program” or “adequate education program” or “Mississippi Adequate Education Program (MAEP)” shall mean the program to establish adequate current operation funding levels necessary for the programs of such school district to meet at least a successful Level III rating of the accreditation system as established by the State Board of Education using current statistically relevant state assessment data.

Different stakeholders may define “adequate funding” and “sufficient funding” in varying terms, but for purposes of this review, to assess the sufficiency of funding for charter schools as required by statute, PEER equates sufficient funding to the Legislature’s definition of adequate funding through the MAEP formula.

For FY 2022, MDE distributed MAEP funding to charter schools in the same manner as the local public-school districts in which they are located. For example:

⁴ According to Investopedia, an ad valorem tax is a tax based on the assessed value of an item, such as real estate or personal property.

⁵ Charter schools and the school districts in which they are located receive the same amount of per-pupil MAEP funding before add-ons but receive different amounts of per-pupil add-ons.

- MDE distributed MAEP funding to Midtown Public, Reimagine Prep, Smilow Prep, Smilow Collegiate, and Ambition Prep in a manner consistent with its provision of MAEP funds to JPSD;
- MDE distributed MAEP funding to Clarksdale Collegiate in a manner consistent with its provision of MAEP funds to the Clarksdale Municipal School District; and,
- MDE distributed MAEP funding to Leflore Legacy Academy in a manner consistent with its provision of MAEP funds to the Greenwood-Leflore Consolidated School District.

Notably, because both charter schools and traditional public schools experienced lower enrollments in SY 2020-2021 due to the COVID-19 pandemic, S.B. 2149—which was signed into law during the 2021 Legislative Session—allowed schools to apply their average daily attendance (ADA) data (which is used to calculate annual MAEP) from SY 2019-2020 if that year’s enrollment was higher.⁶

Sufficiency of Funding from Local Ad Valorem Taxes

For FY 2022, the seven operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972). However, the local ad valorem pro rata calculation required by the statute provides unequal shares between charter schools and school districts.

Under MISS. CODE ANN. Section 37-57-104 (1972), during the submission of its annual budget, the school board of each school district sets local funding for public-school districts up to a maximum of fifty-five mills.⁷ Further, MISS. CODE ANN. Section 37-28-55 (2) (1972) requires each school district in which a charter school is located to distribute a pro rata⁸ share of local ad valorem funds to all charter schools in the district.⁹ Under MISS. CODE ANN. Section 37-28-55 (3) (1972), effective July 1, 2016, if a student who resides in one school district attends a charter school located in another school district, the district in which the student resides distributes its pro rata share of local ad valorem support funds to the charter school the student attends.

For purposes of this review, PEER equates the sufficiency of local funding levels for each charter school to the funding levels provided to other schools in the same district. For FY 2022, the seven

⁶ For charter schools: SY 2021–2022 per-pupil amounts are based on SY 2021–2022 enrollment projections for each charter school. MISS. CODE ANN. Section 37-28-55 (1) (b) (1972) states that the enrollment figure used for MAEP funding for charter schools is to be the projected enrollment stated in the charter school contract. For traditional school districts: typically, ADA for months two through three from the previous school year is used to determine the present year’s MAEP payment to a traditional school district. However, during the 2021 Legislative Session, the Governor signed into law S.B. 2149, which stated that for purposes of determining ADA for SY 2020-2021, MDE shall use each school district’s ADA for SY 2019-2020 if it is greater than the school’s ADA for SY 2020-2021.

⁷ For the purpose of property tax assessment, one mill represents \$1 in property taxes for every \$1,000 in assessed property value.

⁸ According to Investopedia, pro rata is a Latin term used to describe a proportionate allocation.

⁹ If the school district does not pay the required local amount to the charter school before January 16, MDE shall reduce the local school district’s January transfer of MAEP funds by the amount owed to the charter school and shall redirect that amount to the charter school.

operating charter schools received local support payments from ad valorem taxes in a manner consistent with MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972).

In 2016, the Legislature amended the "Mississippi Charter Schools Act" to allow students in school districts rated "C," "D," or "F" to cross district lines to attend charter schools. In SY 2021-2022 for the seven charter schools in operation in Mississippi, per-pupil local support payments were based on ad valorem tax receipts received by a student's district of residence for the previous fiscal year.

Pro Rata Share of Local Ad Valorem Taxes to Charter Schools

Regarding local ad valorem taxes to be paid to charter schools, MISS. CODE ANN. Section 37-28-55 (2) (1972) requires the following:

For students attending a charter school located in the school district in which the student resides, the school district in which a charter school is located shall pay directly to the charter school an amount for each student enrolled in the charter school equal to the ad valorem tax receipts and in-lieu payments received per pupil for the support of the local school district in which the student resides.

Determining the pro rata share of local ad valorem taxes to be remitted to charter schools in accordance with the provisions of MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972) results in the charter schools receiving more funds per pupil than the school district in which the student resides.

Subsection (3) of Section 37-28-55 requires that the pro rata amount must be calculated by dividing the local school district's months one through nine average daily membership (ADM)¹⁰ of the previous year into the total amount of ad valorem receipts and in-lieu receipts.

For example, the total amount of ad valorem receipts collected by JPSD during

SY 2020-2021 was \$72,653,649.57. Months one through nine of ADM, not including students enrolled in charter schools was 19,904. During SY 2021-2022 there were five charter schools with a total enrollment of 2,232 operating within JPSD.

To determine the pro rata share of local ad valorem tax collections to be remitted to the charter schools, JPSD divided the total collections (\$72,653,649.57) by the district's enrollment¹¹ (19,904 students), which resulted in a per-pupil amount of \$3,650.20 for the charter schools. JPSD then multiplied the per-pupil amount (\$3,650.20) by the charter schools' student enrollment¹² (2,232) to determine the pro rata share of ad valorem tax collections to be remitted to the charter schools—i.e., \$8,147,246.40.

Because state law does not require a home district to calculate total enrollment to include all students living within the district by adding the enrollment of charter schools operating within a district to the enrollment for the district, the home district receives a lower per-pupil pro rata share of local ad valorem collections. In the case of JPSD for SY 2021-2022, charter schools operating within the district received a per-pupil local ad valorem amount of \$3,650.20 while JPSD received a per-pupil local ad valorem amount of \$3,240.88, a difference of \$409.32 per pupil. Exhibit 6 on

¹⁰ ADM is the average number of students per day who are enrolled. This is different from ADA, which is the average number of students per day recorded as "present."

¹¹ ADM for months one through nine of the previous year.

¹² ADM for month one of the current year.

page 16 illustrates how the difference in per-pupil ad valorem funding between JPSD has increased each year since FY 2017 in favor of the charter schools.

Exhibit 6: Comparison of Charter School* Per-pupil Ad Valorem Funding to JPSD Per-pupil Ad Valorem Funding, FY 2017 through FY 2022

Fiscal Year	Charter School Per-Pupil Ad Valorem Funding	JPSD Per-Pupil Ad Valorem Funding	Per-Pupil Difference	Total Dollar Amount of Unequal Funding
FY 2017	\$2,700.93	\$2,649.85	\$51.08	\$25,767
FY 2018	\$2,782.15	\$2,684.18	\$97.97	\$87,440
FY 2019	\$2,922.39	\$2,754.45	\$167.94	\$225,997
FY 2020	\$3,011.84	\$2,774.12	\$237.72	\$403,428
FY 2021	\$3,276.39	\$2,948.06	\$328.33	\$649,964
FY 2022	\$3,650.20	\$3,240.88	\$409.32	\$821,490

* For this exhibit, the charter schools are those within the geographical boundaries of JPSD.

SOURCE: PEER analysis of nationwide statutes governing barber licensing.

As the number of charter schools grows, this statutory calculation will affect the school districts more adversely, particularly districts in which multiple charter schools are operating. As shown in Exhibit 6, the amount of unequal local ad valorem funding between JPSD and the district’s charter schools from FY 2017 to FY 2022 ranged from \$25,767 in FY 2017 to \$821,490 in FY 2022. The total dollar amount of unequal funding from FY 2017 to FY 2022 was \$2,214,086.

Sufficiency of Federal Funding

Federal funds received by MDE are distributed to each public-school district and charter school based on the school’s ability to meet federal program requirements. In FY 2022, the charter schools that were operating that year received federal grant funds totaling \$11,818,985, including \$735,114 from the Charter Schools Program grant.

MISS. CODE ANN. Section 37-28-55 (4) (a) (1972) requires MDE to direct to each qualified charter school a proportional share of all monies generated under applicable federal programs and grants. MDE receives federal grant funds and distributes them to each qualified school based on the standards set forth in each grant's program and agreement and the school's ability to meet these specifications. MDE must comply with the distribution requirements specified by each federal program or grant. The federal government audits the distribution of these funds for compliance with stated program and grant requirements.

Within this framework for the distribution of federal funds, charter schools have equal access to apply for and receive federal funds. Regarding sufficiency, the amount a charter school receives in federal funds depends on its characteristics related to meeting the requirements set forth by the federal program or grant.

In FY 2022, charter schools that were operating that year received federal grant funds totaling \$11,818,985, including \$735,114 from the CSP grant.¹³

Sufficiency of Funding from Other Sources

Charter schools apply for grants, gifts, and donations from other sources. In FY 2022, Mississippi's charter schools received \$1,224,815 from other sources.

MISS. CODE ANN. Section 37-28-59 (2) (1972) grants charter schools the authority to receive other forms of support (e.g., charitable contributions and private grants). Like federal funds, these other sources of revenue are variable and depend upon a charter school's ability to apply successfully for grants and to attract donations and gifts from other sources. Therefore, sufficiency of funding from these sources is unique to each charter school, and the amount received from these sources will vary among charter schools.

In FY 2022, charter schools received \$1,224,815 from other sources including contributions, grants, donations, and other miscellaneous revenue.

Charter School Funding Received

In FY 2022, the seven operating charter schools received between \$3.1 million and \$7.4 million from MAEP funding, local ad valorem taxes, federal funds, and other sources.

Exhibit 7 on page 18 details the amounts received by each charter school in FY 2022. Amounts are organized by funding source.

¹³ For a description of grant programs that provide funding to Mississippi's charter schools, see Appendix D on page 42 in the *FY 2017 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board* (PEER Report #615).

Exhibit 7: Charter School Revenues in FY 2022, by Funding Source

Source of Funds	Midtown Public	Reimagine Prep	Smilow Prep	Smilow Collegiate	Ambition Prep	Clarksdale Collegiate	Leflore Legacy	Total
MAEP ¹	\$1,244,440	\$2,797,882	\$2,789,902	\$2,661,936	\$1,513,022	\$2,442,733	\$1,258,782	\$14,708,697
FY 2021 ADA Adjustment ²	\$12,651	\$(120,952)	\$(184,024)	\$84,992	\$(23,282)	\$(156,672)	\$(3,329)	\$(390,616)
Local Ad Valorem Taxes	\$872,930	\$2,082,897	\$2,084,404	\$2,130,321	\$1,158,598	\$1,053,184	\$493,128	\$9,875,462
CSP Funds through MCSAB	N/A	N/A	N/A	N/A	\$201,771	\$247,192	\$286,151	\$735,114
Other Federal Funds ³	\$775,995	\$2,315,114	\$1,881,337	\$2,301,249	\$1,504,563	\$1,293,604	\$1,012,009	\$11,083,871
Other ⁴	\$221,524	\$19,458	\$1,916	\$174,225	\$317,384	\$168,135	\$322,173	\$1,224,815
Total	\$3,127,540	\$7,094,399	\$6,573,535	\$7,352,723	\$4,672,056	\$5,048,176	\$3,368,914	\$37,237,343

1. MAEP reflects amounts received by the charter schools after reductions for less than full MAEP funding. There were no budget cuts ordered by the Governor for FY 2022 MAEP. This amount does not include FY 2021 average daily attendance (ADA) adjustments to FY 2022 MAEP (Source: MDE).
2. Because MAEP distributed to charter schools each year is calculated using projected ADA, MISS. CODE ANN. Sec. 37-28-55 (1) (b) (1972) requires a reconciliation of MAEP funds distributed to charter schools each year. The MAEP reconciliation is applied to the next year's MAEP. Therefore, the MAEP reconciliation resulting from the FY 2021 ADA adjustment is applied to FY 2022 MAEP. The MAEP reconciliation resulting from the FY 2022 ADA adjustment will be applied to FY 2023 MAEP (Source: MDE).
3. Other federal funds reflect the amount received by the charter school from federal sources other than the CSP grant administered by MCSAB such as Title I funding, charter school growth fund grant funds, child nutrition, special education, school improvement funds, school improvement program (SIP) funds, IDEA, various Elementary and Secondary School Emergency Relief Fund (ESSER) grants, federal food service funds, E-rate, GEER grant, and AmeriCorps grant (Source: Charter schools' financial records).
4. Other sources of funds include philanthropic sources, contributions, grants, donations, savings, program service fees, teacher pay raise, state grants, E-rate, Extended School Year funds, interest, and miscellaneous revenue.

SOURCE: PEER analysis of financial records from the Mississippi Department of Education, Department of Finance and Administration, and charter schools' financial records.

Charter School Revenue Versus Expenditures

PEER reviewed each charter school's financial records for FY 2022 to determine whether revenues were sufficient to provide for the schools' expenditures. Exhibit 8 on page 19

Six of the seven charter schools operating in Mississippi received revenues in FY 2022 that were sufficient to cover their expenditures that year.

shows that six of the seven charter schools operating in Mississippi received revenues in FY 2022 that exceeded expenses (Clarksdale Collegiate’s expenditures exceeded its revenues by \$252,851 in FY 2022).

Exhibit 8: FY 2022 Charter School Revenues versus Expenditures

Charter School	Revenues	Expenditures	Difference
Midtown	\$3,128,080	\$2,725,136	\$402,944
Reimagine Prep	\$6,930,764	\$6,779,030	\$151,734
Smilow Prep	\$6,561,411	\$6,420,272	\$141,139
Smilow Collegiate	\$7,192,745	\$7,148,352	\$44,393
Ambition Prep	\$4,599,927	\$4,053,915	\$546,012
Clarksdale Collegiate	\$4,829,953	\$5,082,804	\$(252,851)
Leflore Legacy	\$3,375,760	\$2,544,033	\$831,727

NOTE: For this exhibit, PEER used total revenues reported by each charter school. These revenues may not match the revenues for those schools shown in Exhibit 7 on page 18 because of the varying requirements of cash versus accrual accounting methods.

SOURCE: PEER analysis of charter schools’ FY 2022 financial records.

As presented in Exhibit 9 on page 20, the projected cost per student for public schools in the state of Mississippi in FY 2022 was \$11,124, according to the National Education Association (NEA). All charter schools showed a cost per student that was higher than the state collectively. Ambition Prep and Leflore Legacy Academy showed costs per student that were higher than the other charter schools. Without economies of scale, the cost per student for newer charter schools could be expected to be higher than that for schools or districts with larger student populations.

Exhibit 9: FY 2022 Mississippi Charter School Cost Per Student Compared to Cost Per Student for Mississippi Public Schools, Excluding Capital and Interest Expenses

Charter School	Net Expenditures ¹	Enrollment ²	FY 2021 Cost Per Student	FY 2022 Cost Per Student
Midtown Public	\$2,688,729	227	\$10,417	\$11,845
Reimagine Prep	\$6,485,402	505	\$8,813	\$12,842
Smilow Prep	\$6,159,427	528	\$8,965	\$11,666
Smilow Collegiate	\$6,813,182	534	\$9,660	\$12,759
Ambition Prep	\$3,864,633	287	\$10,960	\$13,466
Clarksdale Collegiate	\$4,810,418	422	\$10,651	\$11,399
Leflore Legacy	\$2,429,493	183	\$15,532	\$13,276
State of Mississippi ³	\$4,459,139,000	400,870	\$10,938	\$11,124

1. Net expenditures do not include capital expenses, depreciation and amortization expenses, and interest expenses.
2. SY 2021-2022 ADA, months two and three.
3. SY 2021–2022 data from the National Education Association’s (NEA) *Ranking of the States 2021 and Estimates of School Statistics 2022*,¹⁴ pages 37, 47, 48. Notably, pages 37 and 47 show updates to FY 2021 ADA and net expenditures for Mississippi. Although the NEA reported FY 2021 ADA to be 421,235, its adjustment shows that FY 2021 ADA was 401,439. Therefore, PEER has recalculated Mississippi’s cost per student for FY 2021 to be \$10,938. PEER Report #667 shows this figure to be \$10,158.

SOURCE: PEER analysis of charter schools’ FY 2022 financial records.

¹⁴ <https://www.nea.org/sites/default/files/2022-04/2022%20Rankings%20and%20Estimates%20Report.pdf>.

Efficacy of the State Formula for Authorizer Funding

MISS. CODE ANN. Section 37-28-37 (2) (1972) requires that, as part of an annual report, the PEER Committee assess the efficacy of the state formula for funding MCSAB.

This chapter addresses:

- the efficacy of the MCSAB funding model;
- MCSAB expenditures; and,
- MCSAB's lack of agency independence.

Efficacy of the MCSAB Funding Model

Under MISS. CODE ANN. Section 37-28-11 (1) (1972), MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources. FY 2022 was the fourth year this statutory formula generated sufficient funding to support MCSAB's activities. However, in FY 2022 MCSAB did not collect all of the 3% fees it was owed from a charter school because it was the first year in which a school district lacked sufficient January MAEP revenue to provide its pro rata share of funds to a charter school.

As authorized under MISS. CODE ANN. Section 37-28-11 (1) (1972), MCSAB receives 3% of annual per-pupil allocations received by charter schools from state and local sources. For purposes of this report, PEER equates efficacy¹⁵ to sufficient revenue from charter school fees to fully fund MCSAB operations. In FY 2019, the statutory formula began generating sufficient funding to support MCSAB's activities.

Exhibit 10 on page 23 shows the revenues compared to the expenditures of MCSAB since FYs 2014 and 2015, with revenues broken out into MCSAB's legislative appropriation and its 3% fee revenue. MCSAB's annual appropriations have decreased slightly from \$250,000 in FY 2014 and FY 2015 to \$229,890 in FY 2022. On the other hand, the 3% fee revenues have increased at a greater rate than MCSAB's expenditures, leaving it with a larger balance each year. Therefore, having analyzed several consecutive years of financial data from MCSAB, PEER believes that MCSAB continues to maintain the financial stability to operate on less revenue.

Notably, in FY 2022 MCSAB did not collect all of the 3% fees it was owed from a charter school because it was the first time a school district had not received enough MAEP funds to provide its pro rata share of those funds for the students from that home district who enrolled in a charter school. MISS. CODE ANN. Section 37-28-55 (3) (1972) states:

For students attending a charter school located in a school district in which the student does not reside, the State Department of Education shall pay to the charter school in which the student is enrolled an amount as follows: the pro rata

¹⁵ Merriam-Webster defines efficacy as "the power to produce the desired result or effect."

ad valorem receipts and the in-lieu payments per pupil for the support of the local school district in which the student resides.

Specifically, in SY 2021-2022, Clarksdale Collegiate enrolled 127 students who resided within the boundaries of Coahoma County School District. Based on the statutory formula stated in MISS. CODE ANN. Section 37-28-55 (3), Coahoma County School District owed Clarksdale Collegiate \$4,716.92 in local ad valorem revenue it received for each of the 127 students attending Clarksdale Collegiate, which totaled \$599,048.84.

The statutory process for this transfer required that MDE would pay Clarksdale Collegiate \$599,048.84 and reduce Coahoma County School District's January MAEP payment by that same amount. Specifically, MISS. CODE ANN. Section 37-28-55 (3) continues as follows:

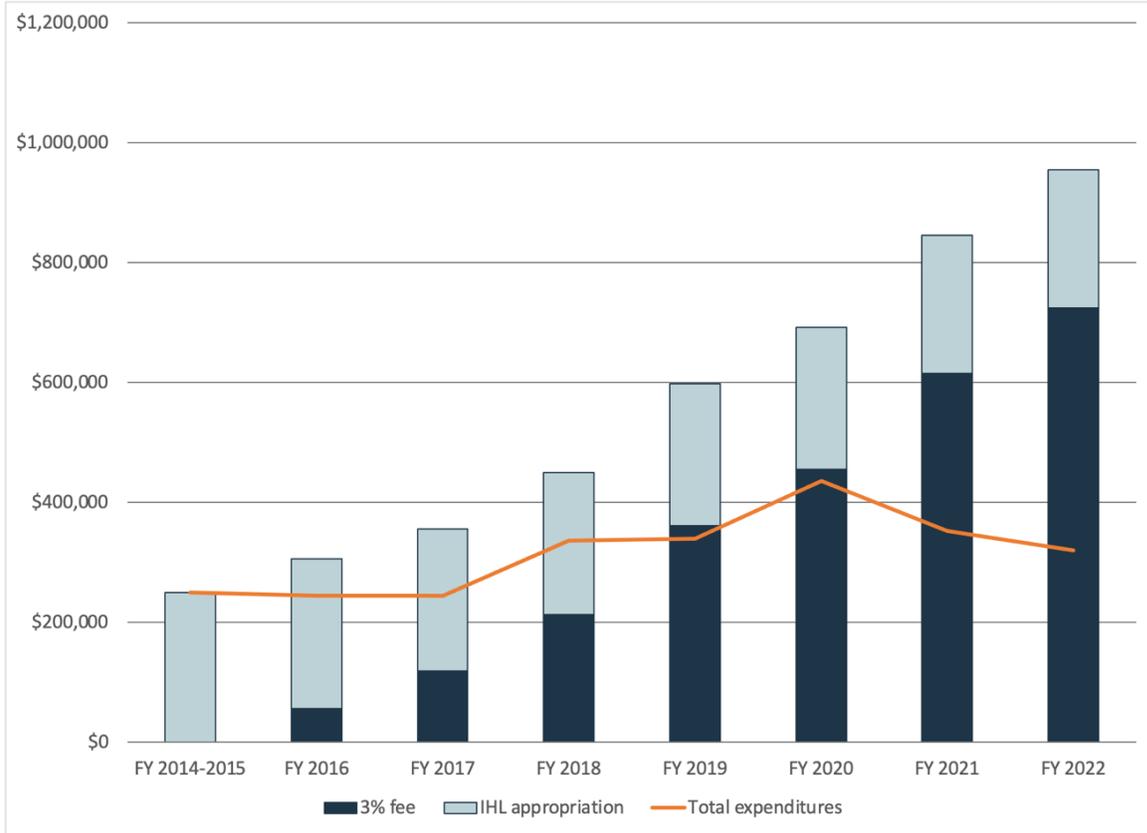
The State Department of Education shall reduce the school district's January transfer of MAEP funds by the amount owed to the charter school and shall redirect that amount to the charter school. Any such payments made under this subsection (3) by the State Department of Education to a charter school must be made at the same time and in the same manner as adequate education program payments are made to school districts under Sections 37-151-103.

However, according to MDE, the January MAEP allocation Coahoma County School District was to receive totaled \$523,579, which was \$75,469.84 short of what it owed Clarksdale Collegiate. Therefore, Coahoma County School District paid Clarksdale Collegiate the remaining \$75,469.84 directly.

Because the \$75,469.84 was not transferred to Clarksdale Collegiate through MAEP funds as required by statute, MCSAB did not include it in its calculations of state and local funds received by Clarksdale Collegiate, against which it calculates the 3% fees it is owed. Therefore, MCSAB requested \$2,264.10 (3% x \$75,469.84) less from Clarksdale Collegiate than it should have for FY 2022.

PEER recommends that MCSAB collect this money from Clarksdale Collegiate as part of its FY 2022 revenue.

Exhibit 10: MCSAB Appropriations and 3% Fee Revenues Compared to Expenditures, FY 2014 through FY 2022



NOTE: This chart reflects the 3% fees that MCSAB actually collected from Clarksdale Collegiate.

SOURCE: Mississippi Legislature, Mississippi Charter School Authorizer Board, Institutions of Higher Learning, and PEER analysis.

MCSAB Expenditures

In FY 2022, MCSAB expended \$320,454 with \$228,213 (71%) of this amount spent on personal services and \$79,079 (25%) spent on contractual services.

As shown in Exhibit 11 on page 24, MCSAB expended \$228,213 on personal services and \$79,079 on contractual services in FY 2022.

Exhibit 11: MCSAB Expenditures,* by Major Budget Category, FY 2014 through FY 2022

Major Categories	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services	\$131,269	\$221,178	\$80,352	\$272,778	\$232,765	\$228,213
Travel	\$10,447	\$13,196	\$7,432	\$3,597	\$0	\$3,839
Contractual Services	\$69,468	\$89,238	\$239,417	\$151,751	\$112,646	\$79,079
Commodities	\$9,102	\$6,351	\$8,869	\$7,051	\$6,576	\$9,323
Equipment	\$24,090	\$5,923	\$3,487	\$749	\$0	\$0
Subsidies, Loans, and Grants	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$244,376	\$335,886	\$339,557	\$435,926	\$351,987	\$320,454

* These expenditures do not include expenditures made with funds from the federal Charter Schools Program grant. Exhibit 11 shows expenditures made only with state dollars. For expenditures made with Charter School Program grant funds, see Exhibit 12 on page 27.

SOURCE: PEER analysis of financial records from MCSAB and DFA.

MCSAB's Lack of Agency Independence

Despite MISS. CODE ANN. Section 37-28-7 (1) (1972) designating MCSAB as a "state agency," MCSAB's annual appropriation is included in the IHL appropriation.

Although MISS. CODE ANN. Section 37-28-7 (1) designates MCSAB as a "state agency," the Legislature provides funding for MCSAB's operations through an annual appropriation to IHL.

With regard to MCSAB, MISS. CODE ANN. Section 37-28-7 (1) states the following:

There is created the Mississippi Charter School Authorizer Board as a state agency with exclusive chartering jurisdiction in the State of Mississippi. Unless otherwise authorized by law, no other governmental agency or entity may assume any charter authorizing function or duty in any form.

Section 4, subsection 10 of H.B. 369 (2013 Regular Session) that authorized charter schools in Mississippi and established MCSAB stated the following regarding the Board's organizational placement:

The Mississippi Charter School Authorizer Board shall be located, for administrative purposes, within the offices of the State Institutions of Higher Learning, which shall provide meeting space and clerical support for the board.

Following the passage of H.B. 369, the Legislature included funds within annual appropriations to IHL to support the operations of MCSAB.

Although MCSAB was physically located within and supported by IHL during its initial years of operation, there is no such arrangement between IHL and MCSAB currently. In 2016, MCSAB moved its offices from the IHL central office complex to state-owned office space in the Capitol Complex. As stated on page 2, MCSAB has a staff of two individuals. These two staff members operate the agency independently of IHL.

Although MCSAB is no longer co-located with or supported by IHL, the agency's funding is an earmark within IHL's annual appropriation. In the state's accounting system—Mississippi's Accountability System for Government Information and Collaboration (MAGIC)—MCSAB is an appropriation unit within IHL with its own accounting fund. Except for receiving a direct appropriation from the Legislature, MCSAB has all of the attributes of a free-standing state agency.

MCSAB's Management of the Federal Charter Schools Program Grant

This chapter addresses:

- the purpose of the federal Charter School Program (CSP) grant;
- FY 2022 CSP grant expenditures;
- progress in meeting the goals of the grant; and,
- status of the CSP grant.

As noted in Exhibit 7 on page 18, the CSP grant is a component of the federal funding received by three charter schools (Ambition Prep, Clarksdale Collegiate, and Leflore Legacy Academy) that were operating in FY 2022. CSP grant funding is in addition to the funding received by MCSAB as illustrated in Exhibit 10 on page 23.

Purpose of the Federal Charter Schools Program Grant

The purpose of the Charter Schools Program (CSP) grant is to increase the number of charter schools, support charter schools in earning an "A" or "B" accountability grade, and advance MCSAB's standing as a national leader in authorizing quality. MCSAB is presently operating under its second no-cost extension with a term end date of September 30, 2023.

In September 2017, the U.S. Department of Education's (USDOE) Expanding Opportunity through Quality Charter Schools Program awarded new grants totaling \$253 million to nine states and seventeen charter management organizations to create and expand charter schools across the nation. MCSAB received a five-year, \$15 million grant to help expand the state's charter school sector. The five-year grant period was from October 1, 2017, to September 30, 2022.¹⁶

In April 2021, USDOE approved MCSAB's request to revise some of its grant objectives. As part of that approval, USDOE also shortened the grant term from its original five years (from 2017 to 2022) to four years (from 2017 until 2021), with a 12-month no-cost extension until 2022. In 2022, USDOE granted another 12-month no-cost extension until 2023.

MCSAB's application for the grant sets out three main objectives:

- Increase the number of new, high-quality charter schools launching in Mississippi by at least 375% (from four to nineteen) over the next five years to create 15,000 new high-quality charter school seats. In April 2021, MCSAB revised this objective to propose awarding nine subgrants to high-quality charter schools, and create 8,000 new high-quality charter school seats.

¹⁶ While the original grant period was five years (from 2017 until 2022), USDOE shortened the grant term in 2021 to four years (from 2017 until 2021), with a 12-month no-cost extension until 2022. In 2022, USDOE granted another 12-month no-cost extension until 2023. References to the 5-year grant term reflect the period from 2017 until 2022.

- Support all charter schools in earning an “A” or “B” letter grade on Mississippi’s statewide accountability system or significantly improving by advancing two letter grades from their rating by their fourth year of operation.
- Advance MCSAB’s standing as a national leader in authorizing quality, as demonstrated by NACSA’s State Policy ranking.

To accomplish these objectives, MCSAB’s application stated that it would use CSP grant funds to administer a subgrant program for charter schools to defray the costs of:

- significant start-up expenses of hiring administrative staff and teachers during their planning years;
- securing facilities;
- conducting recruitment and enrollment activities; and,
- purchasing technology infrastructure, equipment, and curriculum.

FY 2022 Federal Charter Schools Program Grant Expenditures

MCSAB spent \$3,290,003 (37%) of its \$9 million revised grant by the end of its fifth year.

As shown in Exhibit 12 on page 27, although MCSAB’s revised grant projected that it would spend \$9 million over the lifetime of the grant, it had only spent \$3,290,003 by the end of FY 2022, which is 37% of its total projected budget.

Exhibit 12: MCSAB Expenditures from the Federal Charter Schools Program Grant, FY 2018 through FY 2022

	Administration	Contractual	Subgrants	Total
FY 2022 Expenditures	\$42,545	\$47,340	\$735,114	\$824,999
Budget for life of CSP Grant	\$238,550	\$660,200	\$8,100,000	\$8,998,750
Expenditures through FY 2022 (5 th year of CSP)	\$133,879	\$490,547	\$2,665,577	\$3,290,003
Balance Remaining Grant Budget	\$104,671	\$169,653	\$5,434,423	\$5,708,747

SOURCE: PEER analysis of financial records from the Mississippi Charter School Authorizer Board and Department of Finance and Administration.

As shown in Exhibit 13 on page 28, MCSAB distributed \$2,665,577 in CSP subgrants to three charter schools (Clarksdale Collegiate, Ambition Prep, and Leflore Legacy Academy) during the 5-year grant period.

Exhibit 13: MCSAB Reimbursements to Subgrantees from the Federal Charter Schools Program Grant, FY 2018 through FY 2022

Subgrantee	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Clarksdale Collegiate	\$0	\$190,949	\$319,851	\$142,009	\$247,192	\$900,001
Ambition Prep	N/A	\$180,408	\$370,409	\$147,412	\$201,771	\$900,000
Leflore Legacy Academy	N/A	N/A	\$297,080	\$282,345	\$286,151	\$865,576
Total	\$0	\$371,357	\$987,340	\$571,766	\$735,114	\$2,665,577

NOTE: Because of lapse year expenditures, prior year expenditures, and reimbursements made to MCSAB by Ambition Prep, PEER has adjusted the expenditures for Ambition Prep for FY 2020 and FY 2021 and Clarksdale Collegiate for FY 2020 to accurately reflect the years in which certain expenditures occurred. PEER report #667, Exhibit 16, page 44, shows different dollar amounts for Ambition Prep and Clarksdale Collegiate for those years.

SOURCE: Department of Finance and Administration and Mississippi Charter School Authorizer Board.

Progress in Meeting the Goals of the CSP Grant

The three goals of the revised CSP grant are to award subgrants to nine schools and create 8,000 new charter school seats, increase charter school letter grades on Mississippi’s statewide accountability system, and advance MCSAB’s standing as a national leader in authorizing quality.

The three goals of the CSP grant are to:

- award subgrants to nine schools and create 8,000 new charter school seats;
- increase charter school letter grades on Mississippi’s statewide accountability system; and,
- advance MCSAB’s standing as a national leader in authorizing quality.

This section addresses how MCSAB has progressed in its accomplishment of these goals and the actions that MCSAB took to accomplish the goals of the CSP grant.

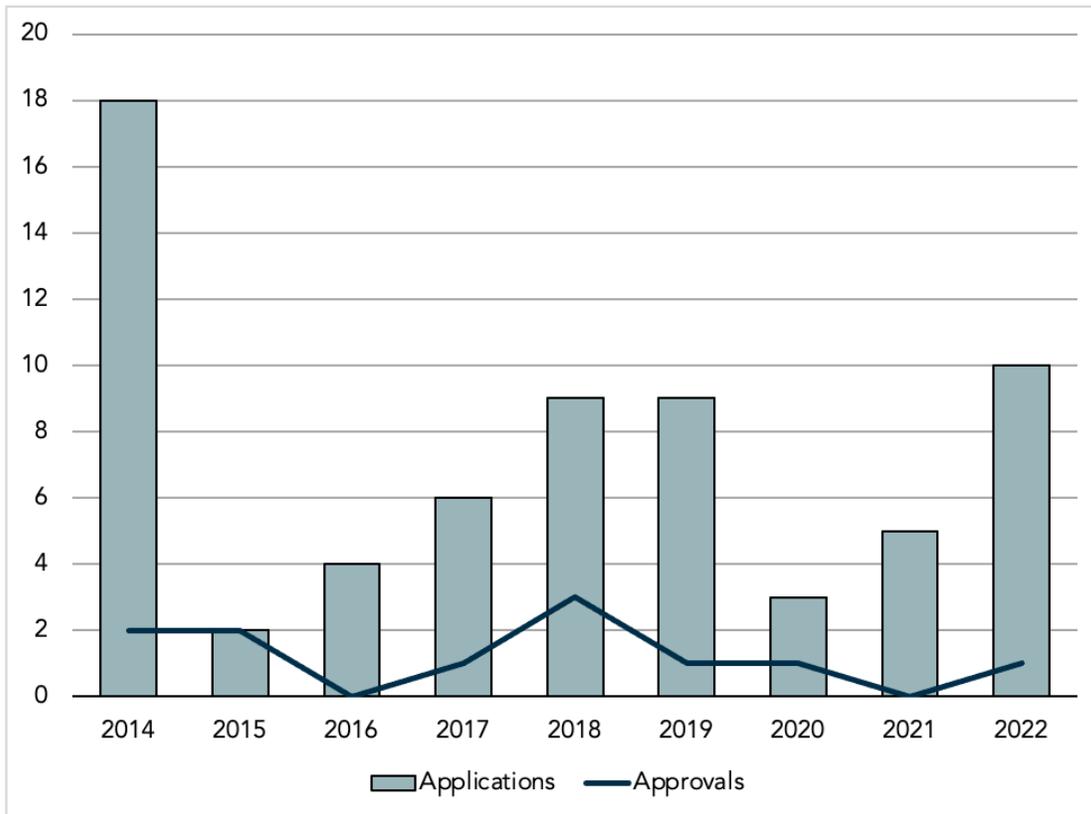
Progress toward Goal 1: Award subgrants to nine schools and create 8,000 new charter school seats

Progress toward Awarding Nine Subgrants to Charter Schools

As noted previously, one of the goals of the revised CSP grant was to award nine subgrants to high-quality charter schools and to create 8,000 new high-quality charter school seats.

Exhibit 14 on page 29 compares the number of charter school applications received by MCSAB each year since 2014 to the number of applications approved.

Exhibit 14: Charter School Applications and Approvals since 2014



NOTE: The number of applications received in 2020 and 2021 may have been affected by the COVID-19 pandemic, which would have also affected the number of CSP subgrants awarded to start-up charter schools during FY 2021 and FY 2022.

SOURCE: PEER analysis of Mississippi Charter School Authorizer Board data.

MCSAB has approved seven additional charter schools since September 2017 when it was awarded the CSP grant, bringing the total number of approved charter schools to eleven.

Because only start-up charter schools may receive a CSP subgrant, a consequence of the low number of charter school approvals is that as of FY 2022, MCSAB had awarded CSP subgrants to only five charter schools, four short of its goal of nine.

MCSAB's revised application to USDOE projected that it would award subgrants to one charter schools in FY 2018, one in FY 2019, one in FY 2020, two in FY 2021, and four in

FY 2022, for a total of nine subgrants to charter schools during the term of the grant. However, MCSAB awarded one subgrant in FY 2018, one in FY 2019, one in FY 2020, and two in FY 2021 to the only charter schools that were eligible for the subgrants at those times:¹⁷ Clarksdale Collegiate, Ambition Prep, Leflore Legacy Academy, SR1 College Preparatory and STEM Academy, and Revive Prep.¹⁸ MCSAB did not award any subgrants in FY 2022.

Progress toward Increasing the Number of Charter School Seats

Since the award of the CSP grant to MCSAB, it has approved 2,530 charter school seats.¹⁹ This number includes:

- 525 projected seats for Clarksdale Collegiate through SY 2022-2023;
- 450 projected seats for Ambition Prep through SY 2023-2024;
- 300 projected seats for Leflore Legacy Academy through SY 2024-2025 (a reduction of 60 seats since last year);
- 720 projected seats for Revive Prep through SY 2026-2027; (a reduction of 360 seats since last year);
- 450 projected seats for SR1 College Preparatory and STEM Academy through SY 2026-2027;
- an additional 76 projected seats for Midtown Public through SY 2022-2023;
- an additional 124 projected seats for Smilow Prep through SY 2024-2025; and,
- a reduction of 115 projected seats for Smilow Collegiate through SY 2022-2023.

The fluctuation in the number of projected seats for some schools is the result of the addition or reduction of projected grade levels or students per grade served by those schools (e.g., Midtown Public added 4th grade to its grades served beginning in SY 2022-2023; Leflore Legacy Academy reduced the number of students served per grade).

Although MCSAB approved an application for RePublic High School in during its 2018 application cycle, and approved Instant Impact Global Prep during the 2022 application cycle, as of October 11, 2022, no contracts have been executed for these schools and no projected enrollment for either school is available.

During the 5-year grant term, MCSAB approved 32% of its projected 8,000 additional charter school seats.

Contracts to Provide Technical Assistance to Prospective and Operating Charter Schools

To help meet the objectives of Goal 1 of the CSP grant, MCSAB contracted with two entities operating during FY 2022. MCSAB contracted with NACSA to conduct the survey of charter school awareness and extended the contract term for its existing contract with

¹⁷ Only start-up charter schools are eligible for CSP subgrants.

¹⁸ MCSAB authorized subgrants with SR1 College Preparatory and STEM Academy and Revive Prep in December 2020 and April 2021, respectively.

¹⁹ For purposes of this report, PEER's calculation equates charter school seats to projected charter school students.

Professional Polish, who was hired in 2020 for the provision of technical assistance to charter schools and applicants during the pre-opening process.

NACSA Annual Survey

MCSAB entered into a contract with NACSA for \$48,000 for the period of December 1, 2021, through December 31, 2022. The purpose of the NACSA contract is to fulfill the CSP grant's goal of an annual parent and general public survey assessing awareness, general sentiment, satisfaction levels, and concerns about charter schools. MCSAB had previously contracted with Mississippi First to provide these services.

MCSAB's contract with NACSA states that NACSA will present its findings to MCSAB at MCSAB's October 2022 Board meeting; however, MCSAB canceled its October Board meeting. The next scheduled Board meeting is December 12, 2022. Therefore, the results of the parent and general public survey are not yet available.

Professional Polish

MCSAB entered into a contract with Professional Polish for \$52,240 for the period of April 15, 2020, through March 31, 2021. The purpose of the Professional Polish contract was to help identify, gather, and promote successful practices in application, start-up, and opening processes and help promote these practices to potential and currently operating charter applicants and schools. The contract outlined a compensation schedule directed at the following major areas:

- assess and analyze the current technical assistance offered by MCSAB and existing partners;
- assess the needs of approved charter schools and develop individualized pre-opening plans of support;
- develop and implement a technical assistance plan for aspiring, approved, and operating charter schools;
- facilitate best practice sharing between districts and charter schools; and,
- review and revise the pre-opening checklist for newly approved schools.

Included in the contract was a timeline that included monthly deliverables and provided direction to Professional Polish on what activities MCSAB would like accomplished.

The original contract between Professional Polish and MCSAB was amended on March 8, 2021, to extend the contract period to September 30, 2022, and increase the cost of the contract to a not-to-exceed figure of \$126,790. The amendment also expanded the scope of service to include a provision of services to charter school applicants in the 2022 application cycle and required Professional Polish to subcontract with one to three educators and/or attorneys with extensive charter experience to carefully review charter applications and conduct mock interviews.

On July 11, 2022, MCSAB approved another contract amendment for \$60,000 to extend the contract period to September 30, 2023.

The most recent amendment, like the original contract and the previous amendment, does not include any language detailing metrics, either quantitative or qualitative, to help assess the level of services MCSAB is receiving from Professional Polish. As such, the contract does not provide a way for MCSAB to assess the impact these contracted services have had in meeting Goal 1 of the CSP grant.

MCSAB's Progress toward Recommendations Made by PEER in its FY 2021 Annual Review of MCSAB

In its 2021 annual review of MCSAB, PEER recommended that MCSAB utilize SMART metrics in its contracts and that MCSAB incorporate best practices into its survey design. PEER determined that for FY 2022, MCSAB had not yet implemented SMART metrics into its contract and that it had incorporated one of the three recommended best practices into its survey design.

SMART Metrics

According to the National Association of State Procurement Officials, when establishing performance metrics in a contract, the issuer should ensure that included metrics are strategic, measurable, actionable/achievable, relevant, and time-based (SMART). Use of SMART metrics could help MCSAB assess the services received from contractors and could lead to more efficient and effective use of state and grant funds.

PEER's 2021 annual review of MCSAB (PEER Report #667) recommended that MCSAB include SMART metrics in its contracts and use these metrics in order to improve effectiveness of its contracts for the CSP grant.

MCSAB's contract with Professional Polish, which was amended to extend through September 30, 2023, still did not include metrics to help assess the effectiveness of the contractual services it provided.

Use of SMART performance metrics in future contracts could provide a way for MCSAB to assess the impact of contracts. As discussed in the section below, MCSAB conducted a survey to assess charter schools and charter school applicants' satisfaction with the technical services provided by one of its contractors. Future contracts could include language that mandates this kind of satisfaction survey and that assesses the consultant's survey results against defined metrics. Assessment results could be used to hold contractors accountable for the services they provide, help ensure future contracts better target areas of weakness, and ensure effective and efficient use of state dollars and grant funds.

Surveys Conducted by MCSAB

In FY 2021 and FY 2022, MCSAB developed and administered a survey to help assess the effectiveness of services provided by its technical assistance provider (i.e., Professional Polish). In PEER's FY 2021 annual review of MCSAB, it noted that while the results of the FY 2021 survey were an indicator of 2021 charter school applicants' satisfaction with services rendered by Professional Polish, some of the design elements of the survey could have reduced its effectiveness.

Therefore, PEER recommended that MCSAB should ensure that the survey design incorporates best practices, as follows:

- adjust the timing of the survey so that results are not skewed based on the approval or denial decisions of MCSAB;
- consider conducting a survey after each phase of the application process; and,
- revise ambiguous survey questions so that they are more clearly stated and provide for more targeted feedback.

Consistent with best practices, in 2022, MCSAB revised ambiguous survey questions that asked for responses to two or more distinct items and conducted its 2022 survey before completing the 2022 application cycle. However, the survey was sent to all applicants regardless of stage.

Progress toward Goal 2: Improve Charter School Letter Grades According to the Statewide Accountability System

At the end of the CSP grant period in September 2022, none of the schools that received CSP subgrants received multiple accountability grades by which to measure any improvement.

One of the goals of the grant is to support charter schools in earning an “A” or “B” letter grade on Mississippi’s statewide accountability system or significantly improving by advancing two letter grades from their rating by their fourth year of operation.

As stated on page 8, the Mississippi Statewide Accountability System, administered by MDE, assigns a performance rating for each school and district based on established criteria regarding student achievement, individual student growth, graduation rate, and participation rate.²⁰

Clarksdale Collegiate, Ambition Prep, and Leflore Legacy Academy are the only operating schools that have been recipients of subgrants during the CSP five-year grant period; therefore, this goal applies only to these three schools. However, none of these schools have had an opportunity to increase letter grades thus far. Specifically:

- Clarksdale Collegiate’s first year of operation was in FY 2019. In FY 2020, Clarksdale Collegiate served kindergarten through 3rd grade; however, because accountability grades are not applied until 4th grade, it did not receive an accountability grade in FY 2020. Clarksdale Collegiate’s first year to serve 4th grade was in FY 2021; however, because MDE did not apply accountability grades in FY 2021, Clarksdale Collegiate did not receive an accountability grade. By FY 2022 it was serving kindergarten through 5th grade, therefore receiving its first accountability grade in the Fall of 2022—the fifth year of the CSP grant.

²⁰ On March 19, 2020, the Mississippi State Board of Education approved the suspension of the Mississippi Statewide Accountability System for SY 2019-2020 due to COVID-19 school closures occurring during state testing windows. Therefore, all districts maintained the same accountability designation in SY 2020-2021 as assigned in SY 2019-2020. Further, on October 21, 2021, MDE published the results of the assessments taken in the Spring of 2021; however, because there was no “growth component” against which to measure the Spring 2021 assessments (because there were no spring 2020 assessments), MDE was not able to apply accountability grades in the fall of 2021.

- Ambition Prep’s first year of operation was in FY 2020. In FY 2020, Ambition Prep served kindergarten through 1st grade, in FY 2021 it served kindergarten through 2nd grade, and in FY 2022 it served kindergarten through 3rd grade. However, because accountability grades are not applied until 4th grade, it did not receive an accountability grade in FY 2022. According to its contract, Ambition Prep’s first year to serve 4th grade is in FY 2023; therefore, Ambition Prep should receive its first accountability grade in FY 2023.
- Leflore Legacy Academy’s first year of operation was in FY 2021; however, because MDE did not apply accountability grades in FY 2021, Leflore Legacy Academy did not receive an accountability grade that year. It received its first accountability grade in the Fall of 2022—the fifth year of the CSP grant.

At the end of the CSP grant period in September 2022, none of the schools that received CSP subgrants received multiple accountability grades by which to measure any improvement.

Progress toward Goal 3: Advance MCSAB’s Standing as a National Leader in Authorizing Quality

Application Process

MCSAB contracted with NACSA from September 28, 2021, until December 31, 2021, to evaluate the authorizing practices of MCSAB. NACSA’s report included, but was not limited to, the following recommendations regarding MCSAB’s application process:

In FY 2022, MCSAB contracted with NACSA to evaluate MCSAB’s authorizing practices and make recommendations for improvement.

- **Raise thresholds of Stage 2 review**— The gap between the Stage 2 review threshold and the Stage 3 review threshold is too large; too many applicants are passing Stage 2 that ultimately are well short of the Stage 3 standard.²¹
- **Reserve capacity interviews for high-quality and borderline applicants**—While capacity interviews are useful procedures for verifying high-quality applications and further probing borderline applications, they are not useful opportunities for applicants to overcome significant insufficiencies. Given the time and resources required to conduct capacity interviews, MCSAB should be more judicious.

As a result of NACSA’s recommendations, MCSAB strengthened the requirements an applicant must meet in order to advance from Stage 2 to Stage 3. Specifically, one of the requirements MCSAB strengthened in its 2022 Call for Quality Schools regarding the Stage 2 Threshold Quality Review now states the following:

Applicants must receive an adequate rating in all areas of evaluation in order to be eligible to move forward to Stage 3 of the Request for Proposals process.

MCSAB also strengthened the requirements an applicant must meet in order to participate in a Stage 3 capacity interview. Specifically, in 2022 MCSAB required that the capacity interview be by invitation only to those applicants that meet the necessary Stage 3 criteria, as stated in the 2022 Call for Quality Schools:

²¹ As stated by NACSA in a memo to MCSAB on November 10, 2021 (page 5).

Applicants that meet the necessary Stage 3 criteria during the independent evaluation review will be invited to a capacity interview. Applicants not invited to a capacity interview will receive their recommendation report from the evaluation team.

MCSAB's Lack of Adherence to its Own Authorizing Policies

During the 2022 application cycle, ten schools advanced from Stage 1 to Stage 2. Of those ten, four received an "adequate" rating in all areas of Stage 2 evaluation while the remaining six did not. Therefore, according to MCSAB's policies, only the four who received an adequate rating should have advanced to Stage 3. Further, SchoolWorks—the contractor hired by MCSAB to review applications and make recommendations for advancement and authorization—recommended that only those four schools advance to Stage 3.

Despite this, at its July 2022 MCSAB applications committee meeting, the applications committee voted to advance five schools from Stage 2 to Stage 3.²² At its Board meeting on the same day, the full MCSAB Board also voted to advance those five schools to Stage 3. Notably, the additional school that both the applications committee and the full MCSAB Board voted to advance had scored "inadequate" in three of six evaluation areas.

During the Stage 3 evaluation, although SchoolWorks recommended that only two of the five schools proceed to the capacity interview, on August 4, 2022, the MCSAB applications committee voted to advance all five schools to the capacity interview.

During the September 19, 2022, MCSAB applications committee meeting, SchoolWorks presented its recommendation to approve only one school to be considered for approval by the full Board. However, the applications committee voted for all five schools to proceed to a full vote of the Board.

At the September 2022 MCSAB Board meeting, the full board voted to approve one school—Instant Impact Global Prep—for authorization and deny the remaining four.

School Monitoring

MCSAB conducted a trial run of its new performance framework during SY 2021-2022. After collecting feedback from the charter schools and making revisions to the framework, at the July 11, 2022, MCSAB Board meeting, it voted to begin the Administrative Procedures Act to revise the performance framework. At its September 26, 2022, Board meeting, the Board voted to adopt the new performance framework.

Charter School Renewal Timeline

PEER recommended in its 2021 annual review of MCSAB that MCSAB should revise the timeline of its renewal process to allow for earlier renewal decisions. Although MCSAB has revised its renewal timeline, there were no charter schools whose contract term ended in

²² MCSAB's contractor determines the eligibility of applicants to advance to the next stage. Then the Applications Committee and the MCSAB Board vote on applications.

2022. Therefore, MCSAB will use its revised timeline for the first time during the 2022-2023 renewal process.

Status of the CSP Grant

Although USDOE awarded a new five-year, \$19.3 million CSP grant to Mississippi First, a non-profit advocacy organization located in Jackson, USDOE also awarded MCSAB a 12-month no-cost extension to continue administering its two remaining CSP subgrants and providing technical assistance to those subgrantees. For the 12 months in which MCSAB and Mississippi First are both administering CSP grants, their roles and responsibilities are ambiguous. According to a letter from USDOE dated October 31, 2022, USDOE is re-examining Mississippi First's grant application to verify the accuracy of the information included.

According to USDOE, in April 2021, it approved a request by MCSAB to amend its CSP application to reduce the number of subgrant awards and to scale down technical assistance to charter schools, which resulted in the performance period of the grant being reduced from five years to four years, with an expiration date of September 30, 2021.

In August 2021, MCSAB requested and was approved for a 12-month no-cost extension, with a revised expiration date of September 30, 2022. This meant that MCSAB had one more year to spend its remaining CSP funds.

According to MCSAB staff, it requested another 12-month no-cost extension on June 2, 2022. On August 2, 2022, USDOE informed MCSAB that it could not rule on its request until late September, and that if another entity from the State of Mississippi were to be approved for an FY 2022 CSP grant, then USDOE would not approve MCSAB's request for a no-cost extension.

On October 3, 2022, Mississippi First announced that it had been awarded a \$19.3 million CSP grant from USDOE.

Shortly thereafter, MCSAB wrote a letter to USDOE expressing concern that some of the information provided in Mississippi First's grant application to USDOE was inaccurate and requesting approval of MCSAB's second no-cost extension.

On October 31, 2022, USDOE responded to MCSAB stating that it is approving a second 12-month no-cost extension to enable MCSAB to continue administering its two remaining subgrants (to SR1 and Revive Prep), including technical assistance to those subgrantees, through September 23, 2023. USDOE also stated that it will re-examine Mississippi First's application to verify the accuracy of the information provided and take appropriate action, if necessary.

Because USDOE has granted both Mississippi First and MCSAB authority to provide CSP subgrants to SR1 and Revive Prep for FY 2023, the roles and responsibilities of Mississippi First and MCSAB are presently ambiguous.

PEER notes that MCSAB and Mississippi First have differing views on the state's authorizing practices and part of Mississippi First's grant application includes a plan to evaluate MCSAB and provide technical assistance to MCSAB. This could prove problematic. One of the USDOE reviewers of Mississippi First's grant application acknowledges this issue in the following statement:

While the applicant outlines a clear plan for how it plans to support MCSAB, throughout this plan the applicant repeatedly criticizes the current practices of MCSAB including noting that their previous efforts to improve these practices were not heeded...This acrimonious history between the applicant and MCSAB could limit the applicant's effectiveness in supporting the opening of new charter schools through oversight and [technical assistance] for the state's authorizer.

PEER will provide an update on the CSP grant in its FY 2023 annual review of MCSAB.

Recommendations

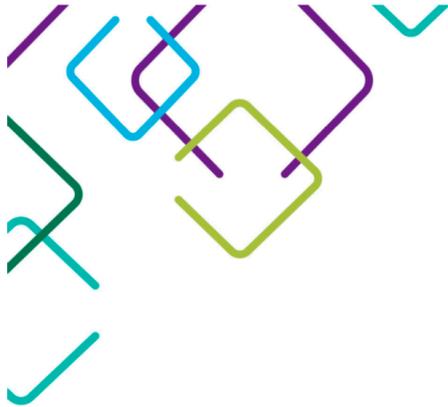
1. Under the current funding model, MCSAB receives 3% of the state and local funds received by charter schools. Therefore, the total amount of funds from sources available to charter schools on a per-pupil basis is less than the total amount of funds provided to public schools on a per-pupil basis. As such, to provide fully equitable state and local funding between public school and charter school pupils, the Legislature should consider amending MISS. CODE ANN. Section 37-28-11 (1) (1972) to remove the 3% funding MCSAB receives from charter schools' state and local revenue sources. The Legislature should also consider amending the same section to provide that MCSAB shall be annually funded from any funds available to the Legislature.

If the Legislature chooses to keep the 3% funding model, it should consider amending MISS. CODE ANN. Section 37-28-11 (1) to allow for MCSAB to receive up to 3% of annual per-pupil allocations received by a charter school from state and local funds for each charter school it authorizes. Because the 3% fees alone have been sufficient to cover MCSAB's expenses for the past four fiscal years, MCSAB may be ready to operate on less state and local funds.

If the Legislature authorizes MCSAB to receive up to 3% of per-pupil allocations, then MCSAB should develop a policy for determining the appropriate calculation of fees for charter schools, based on several consecutive years of MCSAB's financial data.

2. Because MCSAB is defined as a state agency per MISS. CODE ANN. Section 37-28-7 (1972), the Legislature should consider enacting a separate appropriations bill for MCSAB. Such a bill should contain the total amount of funds appropriated for the operations of MCSAB and the total number of authorized full- and part-time positions.
3. In order to make the pro rata distribution of local ad valorem funds equitable between school districts and charter schools, the Legislature should consider amending MISS. CODE ANN. Section 37-28-55 (2) and (3) (1972) revising the calculation such that traditional public school students and charter school students in those districts receive equal per-pupil local ad valorem funding.
4. Although MISS. CODE ANN. Section 37-28-7 (5) established staggered terms of office for the Board, this has resulted in three of the Board members rotating off in the same year and could impact the Board's quorum requirement. Because this issue will continue in the future, the Legislature should consider reconstituting the Board to establish terms of office that, when concluded, minimize the impact on the Board's operations. For example, one Board member appointed by the Governor and one member appointed by the Lieutenant Governor could rotate off each year, leaving five Board members in place in any given year.
5. MCSAB should collect an additional \$2,264.10 in 3% fees from Clarksdale Collegiate and count it as FY 2022 revenue.
6. MCSAB and all of its committees should adhere to policies that MCSAB has approved, particularly regarding criteria it has determined charter school applicants must meet in order to advance from one stage of the application process to another.
7. The PEER Committee should consider expanding PEER's FY 2023 charter school review to include an assessment of charter school authorizing best practices.

Agency Response



Pursuing Excellence Through Options

11/18/22

Mr. James F. (Ted) Booth, Executive Director
Joint Committee on Performance Evaluation and Expenditure Review (PEER)
P.O. Box 1204
Jackson, MS 39215

Dear Mr. Booth,

The Mississippi Charter School Authorizer Board (MCSAB) has reviewed the PEER Committee's FY2022 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board. The annually mandated report features an assessment of the sufficiency of funding for charter schools and the efficacy of the state formula for authorizer funding which are prescribed by the Mississippi Charter Schools Act of 2013. The Authorizer Board has prepared the following responses to the PEER Committee's recommendations:

Recommendation 1: Under the current funding model, MCSAB receives 3% of the state and local funds received by charter schools. Therefore, the total amount of funds from sources available to charter schools on a per pupil basis is less than the total amount of funds provided to public schools on a per-pupil basis. As such, to provide fully equitable state and local funding between public school and charter school pupils, the Legislature should consider amending MISS CODE ANN Section 37-28-11(1) (1972) to remove the 3% funding the MCSAB receives from charter schools state and local funding revenue sources. The Legislature should also consider amending the same section to provide that MCSAB shall be annually funded from any funds available to the Legislature.

If the Legislature chooses to keep the 3%, it should consider amending MISS. CODE ANN Section 37-28-11(1) (1972) to allow for MCSAB to receive **up to** 3% of annual per pupil allocations received by a charter school from state and local funds for each charter school it authorizes. Because the 3% fees alone have been sufficient to cover MCSAB's expenses for the past three fiscal years, MCSAB may be ready to operate on less state and local funds.

If the Legislature authorizes MCSAB to receive up to 3% of per pupil allocations, then MCSAB should develop a policy for determining the appropriate calculation of fees for charter schools based on several consecutive years of MCSAB's financial data.

Response to Recommendation 1: MCSAB **denies** the 3% fees alone are sufficient to cover expenses. The 3% funding received from the charter schools provides **over 68% of the Authorizer's appropriation**. It is important to consider the fact that funding structures vary from

state to state and are based on many factors including the **number of operating charter schools**. Not only does the number of operating charter schools impact MCSAB's financial health, the schools' enrollment and actual MAEP receipts impact the overall amount of fees the Authorizer is able to collect. By statute, schools are provided a five-year charter and subject to renewal. Should a school be non-renewed or close, operational dollars of the MCSAB would be negatively impacted. The Charter School Program (CSP grant) referenced in the PEER report, has provided a substantial amount of resources not only to our schools through a sub-grant, but in terms of technical assistance to schools and the MCSAB. Those funds are only available through a no cost extension request subject to the annual approval of ED¹. For example, in FY22, the CSP provided \$735,114 to three charter schools in start-up status and \$47,340 was expended in technical assistance which benefited all schools. An additional \$42,425 was expended from the grant for Authorizer employee salaries. Salary and technical assistance needs will continue when the CSP funds are no longer available. Not having access to these dollars and an elimination of the 3% fee will put MCSAB at a significant disadvantage in its ability to provide support to interested applicants, startup funds and support for staffing.

Additionally, as it is presented in the 2019, 2020 and 2021 PEER report, "there is no single formula for authorizer funding that is 'the best' for every state". Therefore, the MCSAB maintains the three percent authorizer fee is currently an essential factor in ensuring the agency has adequate funds to operate and execute its charter school authorizing functions successfully as aligned to national best practices. The MCSAB believes that eliminating the three percent authorizer fee would discontinue a significant stream of guaranteed funding. **Additionally, the elimination of the 3% fee would increase reliance on general funds and potentially impact charter growth over time.**

Recommendation 2: Because MCSAB is defined as a state agency per MISS. CODE ANN. Section 37-28-7 (1972), the Legislature should consider enacting a separate appropriations bill for the MCSAB. Such a bill should contain the total amount of funds appropriated for the operations of the MCSAB and a total number of authorized full and part-time positions.

Recommendation 2: No response.

Recommendation 3: *In order to make the pro rata distribution of local ad valorem funds equitable between school districts and charter schools, MCSAB in consultation with MDE, should submit to the Senate and House Education Committees by January 1, 2021 a proposed amendment to MISS CODE ANN. Sections 37-28-55(2) and (3) revising the calculation such that traditional public-school students and charter school students in those districts receive equal per pupil ad valorem funding.*

Recommendation 3: No response.

Recommendation 4: *Although MISS.CODE ANN. Section 37-28-7(5) established staggered terms of office for the board, this has resulted in three of the board members rotating off in the same year and could impact the board's quorum requirement. Because this issue will continue in the future, the Legislature should consider reconstituting the board to establish terms of office that, when concluded, minimize the impact on the board's operations. For example, one board member appointed by the Governor and one member appointed by the Lieutenant Governor could rotate off each year, leaving five board members in place in any given year.*

Recommendation 4: No response.

¹ United States Department of Education (ED)

Recommendation 5: MCSAB should collect an additional \$2,264.10 in 3% fees from Clarksdale Collegiate and count it as FY2022 revenue.

Response to Recommendation 5: The MCSAB will invoice Clarksdale Collegiate for the noted amount.

Recommendation 6: MCSAB and all of its committees should adhere to policies that MCSAB has approved, particularly regarding criteria it has determined charter school applicants must meet in order to advance from one state of the application process to another.

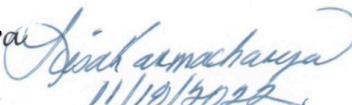
Response to Recommendation 6: The MCSAB understands the importance of following established policies and will work to ensure policies are followed.

Recommendation 7: The PEER Committee should consider expanding PEER's FY2023 charter school review to include an assessment of charter school authorizing best practices.

Recommendation 7: No response.

Please feel free to contact MCSAB with any questions or concerns regarding the above response at lkarmacharya@mcsab.ms.gov

Respectfully,

Lisa Karmacharya 
Lisa Karmacharya, Ed.D.
Executive Director
Mississippi Charter School Authorizer Board
11/10/2022

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